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WORKING PEOPLE
Vote REPUBLICAN

December 23, 2011

Via e-mail and U.S. Mail

Tom Hintermister
Assistant Staff Director, Audit Division
Federal Election Commission
Washington, D.C. 20463

Re: *Maine Republican Party – Response to Audit Report*

Dear Mr. Hintermister:

Please accept the following as the response of the Maine Republican Party to the interim audit report.

FINDING 1. MISSTATEMENT OF FINANCIAL ACTIVITY

The MRP has amended its reports from 2007 and 2008 as requested. Additionally, the MRP is also amending its most recent filing as requested.

FINDING 2. REPORTING OF DEBTS AND OBLIGATIONS

The reports have been amended to accurately disclose the debts.

FINDING 3. DISCLOSURE OF DISBURSEMENTS

A. Non-Federal Account

- *Administrative Costs:* MRP does not have documentation indicating that the identified transactions are solely non-federal expenses. The MRP has amended its reports as recommended by the audit report.

- *Payroll and Associated Costs:* The transactions identified in the audit report all occurred in the year 2007, during which there was no identified federal candidates on the ballot yet. The employees of the MRP did not spend any time on FEA activity during 2007 and therefore, these expenses were properly paid as non-federal expenses. Based upon discussions with the audit department, it is our understanding that the FEC agrees with this.
- *Voter Identification:* The MRP has amended its reports to disclose this expenditure.
- *Printed Materials:* The MRP was unable to locate documentation to clarify that these expenditures were solely non-federal in nature. While the vendor has historically provided services related to state campaigns, there have been occasions where the vendor has provided services that were not solely non-federal. Accordingly, the MRP has amended its reports to disclose these expenditures on its federal reports.

B. Federal Account

- *GOTV/Public Communications:* Some of these expenditures were not classified as FEA, but rather as an operating expenditure. I cannot determine whether the reason for the misclassification were data entry errors or other cause(s). The MRP's reports have been amended to accurately report these expenditures as FEA.
- *Payroll Expenses:* There are no documents showing the amount of time, if any, that these individuals spent on federal elections. None of these individuals works for the MRP anymore. Since there is a lack of documentation concerning the work performed by these individuals, we cannot definitively state that they did not perform any work on federal elections during the time of the expenditures. Accordingly, I have amended to reports to classify these expenses as FEA.

- *Consulting Expenses:* All of these expenditures were properly classified as FEA. The expenditures were for a consultant to the MRP's "Victory 2008" campaign. The Victory campaign efforts were primarily concerned with federal elections.
- *Travel and Per Diem Expenses:* All of these expenditures were properly classified as FEA. The expenditures were for the staff of the MRP's "Victory 2008" campaign. The Victory campaign efforts were primarily concerned with federal elections.
- *Equipment and Miscellaneous Costs:* A review of the Party's records does not reveal any documentation describing the use of the equipment and miscellaneous costs. I have had discussions with Party employees and officers from the time frame in question and have been told that the equipment costs were almost certainly for outfitting our satellite "Victory" offices.
- *Printed Materials, Copies Not Available:* The identified expenses appear to be FEA. Accordingly, the reports have been amended to reflect this.
- *Telemarketing Expenses:* The MRP has been unable to locate the scripts for the telemarketing expenses. Four of the transactions have a description that indicates that the expenditures should have been reported as FEA. The descriptions for five of the transactions provide no guidance as to the nature of the expenditure. Finally, the description of one of the expenditures appears to indicate that it was a state-related expense. However, as there is no documentation as to the script utilized in the telemarketing beyond the descriptions in the database, and given that the expenditures were made from the federal account, the MRP's reports have been amended to disclose these expenses as FEA.
- *Coordinated Party Expenditures:* The MRP has amended its reports to disclose these expenditures as coordinated party expenditures per the recommendation of the audit report.

**FINDING 4. FAILURE TO FILE NOTICES AND PROPERLY DISCLOSE
INDEPENDENT EXPENDITURES**

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The expenditure in question was an "Absentee Ballot Application Self Mailer" which included at least three federal and state candidates on the printed materials. The previous Treasurer apparently believed that the mailers qualified for the "slate card" exemption. After reviewing the materials in question and the audit report, I agree that the additional information contained on the documents removes them from the slate card exemption. Accordingly, I have amended the MRP's reports to disclose an expenditure of \$14,150.26 of the expense as independent expenditures supporting Susan Collins and \$14,150.26 of the expense as independent expenditures supporting Charlie Sumners. The same amount of the expenditure is attributable to John McCain (President) and Sarah Palin (Vice-President). However, my reporting software has been unable to pull the required information into the correct fields to permit disclosure of those expenditures. The software support staff is working on the problem and as soon as it is fixed, I will amend the report to disclose those independent expenditures as well. The remaining amount of the expense is disclosed as FEA.

In the future, the Treasurer of the MRP will provide education and guidance to the staff and employees of the MRP as to the rules and regulations surrounding independent expenditures. Additionally, a multi-tiered review process for all election-related expenditures will be implemented to ensure that more than one set of eyes will review any media ads, mailers, or other election-related expenditures before they are made so that any future independent expenditure will be recognized and reported in the appropriate fashion. Such review will include, but not necessarily be limited to, review by the Treasurer and the Executive Director of the MRP.

The MRP is appreciative of the hard work of the Commission's audit staff as well as the advice and assistance of the audit staff throughout this process. If there are any questions or any additional information required, please feel free to contact me directly. Thank you.

Sincerely,

/s/ William P. Logan

William P. Logan
Treasurer, Maine Republican Party